

~~SECRET~~
SECURITY INFORMATION

SUBJECT: PROBABLE DEVELOPMENTS IN THE REPUBLIC OF PANAMA THROUGH
MID-1952

THE PROBLEM

To estimate probable developments in the Republic of Panama through mid-1952 with special reference to Communist and other anti-US developments that might adversely affect US interests in Panama.

DISCUSSION

The Political Situation

1. Panamanian politics preparatory to national elections of May 11, 1952 represent the traditional Latin American pattern of political action which is dominated by personalities and cliques rather than issues. At the same time the country faces grave socio-economic problems which provide live issues for vigorous, if minor, political groups, but which have so far been largely ignored by the old line political leaders.

2. The pre-electoral political situation is in a state of fluidity and instability. A multiplicity of parties and factions are participating in the electoral campaign. It is clear that no one party is in a position to command sufficient popular following to win. In consequence, leaders have resorted to the formation of coalitions. Two major coalitions have been organized in the course of the past year: the National Patriotic coalition which supports the candidacy of former Police Chief José Antonio Remón, and the Civil Alliance which gives its backing to the industrialist Roberto

~~SECRET~~
SECURITY INFORMATION

DOCUMENT NO. 2
NO CHANGE IN CLASS. ☐
DECLASSIFIED
CLASS. CHANGED TO: TS S G
AUTH: HR 70-2
DATE: 12 FEB 81 REVIEWER: 018557

SECURITY INFORMATION

Chiari. A third group, the Panameñistas, comprises the devoted following of Arnulfo Arias, deposed from the Presidency in May 1951 and now in jail. This group remains outside either coalition and has put forward its own candidate. It occupies an important bargaining position in Panamanian politics inasmuch as both the coalition candidates hope to enlist Arias' still potent support before the elections.

3. Both coalitions depend upon the support of diverse and miscellaneous groups. Remón's National Patriotic coalition beside enjoying support from traditional political parties and some minor groups is backed by the National Police, the only armed force in the republic. The program of this coalition as expressed by Remón includes maintenance of friendly relations with the US, special attention to agricultural and financial problems, and free elections.

The components of Chiari's coalition, Civil Alliance, range from the conservative and "better element" to communists and organized gangs. Important within this coalition is the Patriotic Front Party, composed of intellectuals, nationalistic youth and student elements. One of the main purposes which binds these ^{miscellaneous} groups together is to prevent the election of Remón, whom their propaganda brands as a militarist and as excessively friendly to the US.

4. The very nature of these coalitions points to their inherent weakness through lack of cohesiveness. Composed of diverse and disparate elements and often lacking any community of interest they

SECURITY INFORMATION

SECURITY INFORMATION

are unable to formulate a coordinated program for political action. The threat of dissolution is therefore ever present. Although both coalitions appear to lack cohesiveness, Remón's National Patriotic Coalition, in comparison with Chiari's Civil Alliance, is fairly well unified. But even in the National Patriotic Coalition the personality of Remón is the key to unity and strength.

5. The unstable political situation is further aggravated by "personalismo" and individual rivalries. The bitterness engendered by these rivalries is intensified by greed for personal economic advantage. Thus, the competition for the lucrative slaughter business in Panama City has been an important factor in driving Panama's most powerful political leaders into opposite political camps.

6. Remón's somewhat superior political organization, supported by the national police, is in the best position to win in the May elections. However, the confused political situation, combined with popular unrest, has created an environment which can easily be exploited by aggressive, well organized and well directed minority groups. The communist PdP and the ultra-nationalistic and leftist FFP are focal points for large segments of popular opinion. Many sectors of the population have become increasingly agitated over Panama's grave economic and social problems and lend themselves to exploitation by anti-US propaganda of the PdP and FFP. Through the deliberate leadership of these disruptive groups in the opposition,

SECURITY INFORMATION

SECURITY INFORMATION

4.

and with the probable tacit approval of their more conservative allies, public disorder of a greater or lesser degree is likely in the course of the present campaign. There exists the possibility, therefore, that Remón may have to resort to force, and, under certain conditions, to fraud to win. It is not impossible, furthermore, that political passions may become so violent in the present campaign as to lead to Remón's removal from the political scene. The consequences of this are almost impossible to estimate at this time. There is not, in Remón's National Patriotic Coalition, a strong heir-apparent and political chaos would be a certainty if this were to happen.

Panama-US Relations

7. Panama-US relations, since the defense sites crisis of 1947, have been good. Official relations have indicated essential agreement on the ideological position of the West. Points of disagreement between the two countries have been met in a generally constructive and cooperative spirit. These assertions have been reflected in the official Panamanian support of US foreign policy and for the US position in the UN, OAS, and other international agencies and organizations. Panamanian cooperation is also reflected in its merchant marine control policy and in the support of UN action in Korea.

8. There are, however, differences and problems in the relations between the two countries. Some of these seriously affect Panamanian requirements and sensitivities; they therefore constitute one of the bases for the propaganda of the leftist, nationalist and anti-US

SECURITY INFORMATION

SECURITY INFORMATION

groups such as the PdP and the PFP. Fundamental among these problems is, of course, the presence of the US in the Canal Zone. Questions of boundaries, jurisdiction, labor and business relations, and race relations arise from this fact. These often are of concern to Panamanians generally and are exploited by nationalists and communists. Also associated with the immediate presence of the US is the fact that Panama's economy has become dependent upon US operations in the Canal Zone. With the reduction of US expenditures in the Zone since World War II, Panama's economy has been hard hit. This, in turn, affects the stability of Panamanian politics. It also provides further propaganda for the communists and nationalists who tend to blame the US for Panama's social and economic problems.

Disruptive Forces

9. The post-Korea upsurge in western world economic activity has had little effect on the economy of Panama. The trade deficit for 1951 was over \$30 million, one-third greater than in 1950. Unemployment is high, probably about 15 percent of the economically active population of Panama City and Colon. Bank deposits have declined and there has been an important bank closure. At the same time the economy has been subjected to mild inflationary pressures. Panama's present economic plight has its roots in national dependence on a high level of activity in the Canal Zone, which is to Panama as, for example, oil is to Venezuela. Although more than half the employed workers are in agriculture, 70 percent of imports are food-

SECURITY INFORMATION

SECURITY INFORMATION

stuffs. In the circumstances, the postwar cut in US appropriations for maintenance and protection of the Canal has resulted in declining levels of economic activity and is the prime immediate cause of Panama's economic difficulties. Mismanagement, graft and expenditures of already limited capital resources on non-revenue producing activities are other factors contributing to the depressed economic situation. In general, the attitude of most Panamanians is to disclaim responsibility for rehabilitation of the country's economy and to expect assistance from abroad. In the current campaign, for example, Panamanian officials look to the US to provide funds to ease the unemployment problem and thereby reduce the probability of serious violence during a politically explosive period.

10. Panama's economic difficulties and the bitter struggle for power by political leaders offer uncommonly wide scope for the operation of politically disruptive forces. Political extremism, long represented in Panama by Communists, more recently also by organized anti-US nationalists, has come to color the attitudes of key social groups (students, workers, intellectuals), and has grown rapidly in the postwar period. The first strong manifestation of the impact of the extremists on Panama's relations with the US came over the agreement on defense sites in 1947, when Communists and the Patriotic Youth Front stimulated a wave of popular rioting to force rejection of the renewal of that agreement. The two extremist groups have now again found a common objective in a new struggle for

SECURITY INFORMATION

~~SECRET~~
SECURITY INFORMATION

7.

power by political leaders, i.e., to defeat the "militarist" and pro-US Remón.

11. The Patriotic Front Party (PFP), an ultra-nationalist party recently created from the Patriotic Youth Front, has a rank and file of young workers and students numbering at least 7,500. Its anti-US propaganda is supplemented by an appeal to depressed social groups. First organized by Arnulfo Arias in 1944, this group turned against him when he tended toward cooperation with the US during his 1949-51 presidential term. PFP, now in the Chiari coalition, has as its present leaders experienced agitators and politicians who have developed the organized mob into an effective political weapon. The group, which has been able to intimidate the National Assembly by threats of personal violence, would use firearms if available. To date mob action and propaganda through the radio and yellow press have been its weapons.

12. The PFP is reportedly infiltrated with Communists and pro-Communists and in the past has collaborated with the Communist Party in demonstrations, although holding aloof from formal alliance. The PFP representatives who for several months held important positions in the administration formed after the fall of Arnulfo Arias, belonged to the left-wing of PFP and were believed sympathetic to Communism. Minister of Education Bermudez, in 1949 denied a US visa because of Communist associations, allegedly was friendly with Communist Party leaders. Other officials representing the PFP group have also had past ties with the Communist Party, reportedly

~~SECRET~~
SECURITY INFORMATION

SECURITY INFORMATION

that have led to withdrawal or expulsion from the Party have often been personal, and former members in many cases retain Communist ideology.

14. The PdP ranks among the more poorly-organized Communist Parties of Latin America. Like Panamanian non-Communist political organizations it lacks discipline, although it has some advantage over the other parties in that it has an enduring program. Party leaders are also wanting in the practical experience and ability in political and labor operations that make Communist leaders in other countries formidable despite small Party membership. Nevertheless, since the overthrow of Arnulfo Arias in May 1951 the Communist Party has been unusually active in efforts to organize popular demonstrations against "militarism", unemployment, and the high cost of living. These operations, which have more closely associated Party leaders with non-Communist student and nationalist elements, have helped to raise Party operations above the slogan level.

~~SECRET~~
SECURITY INFORMATION

15. Ties between Panamanian Communists and other Latin American Communists such as are known to exist between Communist groups of Mexico, Cuba, and Guatemala may have been established but are difficult to trace. As far as is known, the Panamanian Communists have not maintained contact with Soviet or satellite diplomatic missions, of which there are none in Panama. Foreign Communist leaders travelling through Panama and recent meetings of Czech diplomatic officers and citizens from neighboring areas, however, provide possible channels of contact. The WFTU-CTAL affiliate in Panama and to a lesser extent, Communist student groups have supplied the most significant known contacts with international headquarters. These have increased in the past year, although possibly only as part of a general rise in international Communist front operations throughout Latin America. FSTRP and Communist Party operations in Chiriqui Province, which have United Fruit Company workers as their main target, are undoubtedly stimulated by WFTU-CTAL directives calling for agitation of rural workers and action to make the position of "imperialist" US companies untenable. Moreover, the recent build-up in Communist activity in urban areas, while in part a response to local opportunities, may, in the light of the Party's past ineffectiveness, reflect direction from Communist centers in Middle America.

16. Communist ^{Panama} strength at this time is measured by the effectiveness of the Communist-dominated labor group and by Communist influence among teachers and students of Panama. The labor federation has yet to play a strong political role although it would be useful in a revolutionary situation. Communist influence among the teachers and students of

~~SECRET~~
SECURITY INFORMATION

11.

Panama, particularly in the National University, is currently a more important source of political leverage. Probably only about 100 teachers, out of a national total of 3,000, are Communists, but these influence the student body out of proportion to their numbers. The students have repelled with threats of strikes efforts to weed out Communist professors and students. The student-teacher strike that began in early November demanding government repudiation of "Remón and militarism" and a solution to unemployment and general economic distress, has involved a total of 13,000 and owes much of its organization to Communist as well as PFP leadership. Finally, the strongest personal ties between the Communist Party and the PFP have grown out of association of leaders of the two groups in the universities and schools of Panama.

17. The present economic and political instability, success in teaming with ultra-nationalists, and possibly, direction and impetus from abroad go a considerable way to providing a propitious setting for Communist operations. In the current campaign, a general lack of concern about Communism, reflected in the Communists' ability to associate themselves, however informally, with the Chiari coalition via the left-wing of PFP, allows the Communists to make the most of their opportunities.

~~SECRET~~
SECURITY INFORMATION

The Security Forces of Panama

18. The Panama National Police is friendly to the United States and probably can and will handle any disorder before it becomes dangerous to the Panama Canal. There is no indication of Communist infiltration in the National or Secret Police. While the attitude of the National Police is anti-Communist, it has not been motivated by political considerations in dealing with Communist activities.

19. Panama has no armed forces other than the Panama National Police and the Panama Secret Police. The present active strength of the National Police is 2,453, that of Secret Police 130. The National Police is fairly well equipped with small arms but has little other equipment. Morale is good and it is unlikely that the current political campaign will cause any significant division within the National Police. Recent changes in the top command of the organization have been favorably received by the officers and men. The new Commandant, Lt. Col. Vallarino, although not as capable as his predecessor Remón, can be expected to maintain the usual standard of efficiency of the police. Vallarino is supporting Remón's presidential candidacy but is not subservient to him. Major Saturnino J. Flores, Second Commandant, who virtually controls the Arms Room, is loyal to Remón.

Communist Capabilities

20. Several factors militate against the possibility that Communists and pro-Communists could seize control of or dominate


SECURITY INFORMATION

SECURITY INFORMATION

the government within the period of this estimate. The PdP, as a party, is numerically small, is poorly led, has had only limited success in infiltrating, or, forming a popular front with, other political groups, and, receives a degree of unified social support only from a relatively weak labor movement. Not even by the most favorable alternative results, from the communist point of view, of the May elections--a victory by the Chiari coalition, or a period of chaos--could the Communists achieve a dominant or controlling position.

21. Conditions for the period of this estimate, and beyond, will be propitious, however, for the expansion and consolidation, not only of the communist PdP, but of the nationalistic PFP. Both groups, whether or not they work in close cooperation, will be attacking the venality of the traditional political organizations, will exploit the grave economic and social problems which are causing popular unrest, and, will stimulate ultra-nationalistic and anti-US sentiment. Public disorder will provide political capital, especially for the Communists, in this period. If disturbances are extreme and lead, for example, to the removal of Remón from the political scene, a Junta may be set up and the elections postponed thus providing the Communists with the advantages of a period of prolonged political instability. Disturbances may not be sufficiently disruptive to thwart Remón's ambitions for the Presidency but may

~~SECRET~~
SECURITY INFORMATION

SECURITY INFORMATION

require the use of force to guarantee his election. In this case the Communists in collaboration with the PFP would be able to exploit more effectively the issue of militarism in the government.

22. An outright victory for the Chiari coalition with which these groups are loosely associated may increase their prestige and may place some extreme nationalists and leftists, and possibly card-carrying Communists, in appointive, as well as elective government posts. Nevertheless a victory of the Chiari coalition would remove the immediate common objective, defeat of Remón, that has associated the coalition, via PFP, with the Communists.

23. Should Remón achieve a constitutional victory without undue public disorder in May, a temporary period of political stability probably will ensue, which would considerably limit Communist capabilities.

24. Although the assumption is beyond the scope of this paper, it is believed that no Panamanian leadership will in the foreseeable future be likely to solve, without carefully planned outside assistance, the economic and social problems which have brought, and will continue to bring, reformers, nationalists and communists together.

US Security Interests

25. Should Remón come to power through a relatively orderly election, Panamanian cooperation with the US should be generally satisfactory. Grave disorders which would either strip Remón of

~~SECURITY INFORMATION~~
SECURITY INFORMATION

SECURITY INFORMATION

significant public support, or, lead to weak interim government, would probably reduce the ability of the Panamanian government to support the US. A Chiari victory could initially lead to an increase of ultra-nationalistic and pro-Communist influence in the government which might hamper Panamanian cooperation in the U.N. and OAS, and, disturb Panama-US relations by frequent embarrassing and annoying displays of Panamanian nationalism. Under no foreseeable circumstance within the period of the estimate, however, are the security interests of the US in the Canal Zone likely to be seriously threatened.

SECURITY INFORMATION